

OFFICE OF THE COMPTROLLER

CLARK COMMITTEE BRIEFING

AUTHORITY

STATINTL

The present authority for the establishment of the Office of the Comptroller within the Agency is contained in Agency Regulation [] dated 5 April 1954.

MISSION

Briefly, the mission of the Office of the Comptroller is to plan, direct, and supervise all budgetary and financial operations of the Agency on a world-wide basis and provide machine records service relating to administrative matters. To sum it up, it may be stated that the Comptroller has four important functions: first, that of obtaining the necessary funds, because without funds nothing can be accomplished; second, that of seeing that the funds obtained are obligated and expended in accordance with the provisions of approved plans, general laws and regulations and rules and regulations of the Agency; third, that of properly accounting for the many valuable assets of the Agency []

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[] This office is also charged with the same mission by the National Security Council where applicable in connection with its budget and financial activities. That is, we prepare the annual budget for the Council and assist in defending and justifying it before the Bureau of the Budget and the Appropriation Committees of the Congress. After the funds are appropriated, we do all the accounting and financial reporting for the Council.

OUTLINE OF ORGANIZATION

The chart shows the organization of the Comptroller's Office which I will explain a little later in this briefing.

BACKGROUND OF BUDGET AND FINANCIAL HISTORY OF THE AGENCY

Before going into a general discussion on the organization and operations of the Comptroller's Office, I would like to briefly cover the background and history of the Agency from a budget and financial viewpoint, which I can do in a very few words. I believe that this review will give you a better understanding of the Comptroller's operations from an appropriation and funding standpoint.

The lineage of the Agency dates back to the Office of Strategic Services, commonly known as OSS. Many of the Comptroller personnel were with OSS.

OSS was organized in 1941 and from the beginning to its liquidation received a direct appropriation which was broken down in amounts between vouchered and unvouchered funds. The largest appropriation received by OSS

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supplies and materials supplied by the War Department.

As you can readily realize, since the inception of OSS, many problems and difficulties had to be overcome in this type of operations; first, the rapid growth of OSS during a wartime period; then its liquidation after the war through the liquidation of some of its activities and the transfer of other functions to the Department of State and the War Department. For that portion of OSS which was transferred to the War Department, a new budget and accounting system had to be established according to War Department standards and procedures. Instead of

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OSS group, which was attached to the Secretary of War's Office, became known as the Strategic Services Unit (SSU) and was held together for the purpose of forming a core around which a new intelligence agency could be established. The yearly appropriations for SSU

ILLEGIB

Under date of 22 January 1946, the President issued a directive creating the National Intelligence Authority and the Central Intelligence Group. These two entities became commonly known as NIA and CIG. Following this, orders were issued to liquidate SSU and transfer its functions to CIG together with any remaining funds. The funds appropriated for CIG were contained in appropriations of the Department

of State and the Department of Defense. The Secretaries of State and Defense executed an agreement which delegated authority to the Director, CIG, to expend the funds. This agreement had the concurrence of the General Accounting Office and the Bureau of the Budget.

The National Security Act of 1947 abolished NIA and CIG and in lieu thereof established the National Security Council and the Central Intelligence Agency, otherwise known as NSC and CIA. From a financial point of view, it is hard to tell where one agency ended and the other began. We still receive now and then a claim in connection with the operation of these former agencies which we have to adjudicate and pay.

TYPE OF FUNDS

In my discussion on OSS, I mentioned vouchered and unvouchered funds. CIA funds are also broken down between vouchered and unvouchered without any specific limitations. However, it is the policy of the Agency to use vouchered funds wherever and whenever it is possible to do so. In your survey, you may hear the terms, "unvouchered funds," "confidential funds," "special funds," and "secret funds." These terms are synonymous and mean unvouchered funds.

** many of the budgetary and financial procedures of the Government have been established on precedents and/or decisions issued by the General Accounting Office. The laws, rules and regulations of our Government were not designed to support intelligence operations*

SECURITY PROBLEMS IN CONNECTION WITH FINANCING AN INTELLIGENCE AGENCY

Even in the beginning when the Agency was small and the funds requirements were not great, we were confronted with security problems. Prior to the enactment of Public Law 110, which was approved under date of 20 June 1949, the Agency of itself had very little authority and was subject to the various limitations contained in the appropriation acts making funds available to the Agency. We had the following problems to solve from an operating and security standpoint:

a.

b.

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These items are to be carried out in a well-to-know basis

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